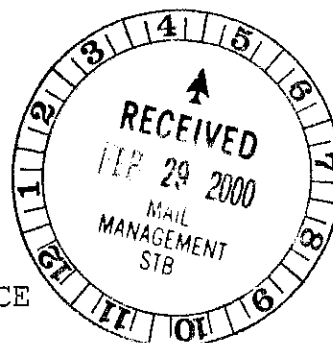


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Public Record

STATEMENT OF  
JAMES D. PHILLIPS  
EXECUTIVE DIRECTOR  
CANADIAN/AMERICAN BORDER TRADE ALLIANCE

BEFORE THE SURFACE TRANSPORTATION BOARD  
IN  
STB EX PARTE NO. 582  
PUBLIC VIEWS ON MAJOR RAIL CONSOLIDATIONS



March 10, 2000

My name is James D. Phillips. I am Executive Director of the Can/Am Border Trade Alliance, "Can/Am BTA." I have been its Executive Director since its creation in 1993. I have several decades of experience in the transportation industry and have been an active participant on border trade issues for most of those years. I am past President (1989-1993) of the Niagara County Business Association. I have had a 14-year career with General Abrasive, Inc. and General Abrasive Ltd. of Canada. I was President and CEO of General Abrasive, Inc. between 1975 and 1985.

The CANADIAN/AMERICAN BORDER TRADE ALLIANCE (Can/Am BTA) is a transcontinental/bi-national broad based organization with participation from all 22 states on or near the U.S./Canada Border (Washington to Maine including Alaska) plus the Canadian provinces organizations in their individual memberships. Can/Am BTA participants are the stakeholders in border trade, border crossing and transportation segments and members include producers, industrial shippers, brokerage firms, transportation providers, bridge and tunnel operators, trans-border organizations, chambers of commerce, local economic development agencies, business and trade corridor associations and government agencies.

The United States and Canadian economies need effective and efficient transportation capabilities including rail, truck, sea and air and in many cases a mixture of modes in the transportation chain are utilized in moving a product from origin to destination.

To compete and succeed a business must be low cost producer, low cost shipper and provide their product or service when and where needed to meet their customers requirements. Each must "be the best they can be" and in the transportation business this means providing service linking the producer to the consumer and all intermediate stages in between. In some industries the cost of

transporting a product exceeds the cost of the product itself. Service schedules, intransit time and cost of transportation are key to economic viability and growth.

Producers need access to the lowest cost and shortest intransit time levels that the transportation providers can achieve. Producers should never be held hostage to either lesser service or costs not decreasing to reflect efficiencies thru carrier consolidations, whether there is only one carrier or several available to serve them.

While competition in the classic railroad sense is viewed as one line versus another, today there is as active, if not more so, competition between modes i.e. rail versus truck. The reality is that each provider within a mode and each mode (rail, truck, sea and air) has a key part to play in the big picture with connectivity and intermodal elements becoming an increasingly important element.

Synergistic mergers create benefits from efficiency programs, the providing of a greater range of services and the benefit of longer lengths of hauls.

The Can/Am BTA is transcontinental in scope and enables participants from the Atlantic to Pacific Oceans to speak with a unified voice on major transportation matters affecting the shared border between Canada and the United States. This is the most important international border in the World, in terms of trade and commerce. The United States and Canada maintain the largest international trading partnership in the World, totaling over \$1.2 billion daily. For comparison, all U.S. international trade with the entire European Union is not as large! The level of trade across the Canada/United States Border is over twice the total of all U.S. trade with either Japan or Mexico!

Even more impactful is the rapid rate of growth in trade across the U.S./Canada border. It is growing at about \$20 billion annually, resulting in a doubling in trade about every ten years!

The trade is simply so large and growing so rapidly, that every transportation improvement we can envision will hardly keep pace. With growth like this, every single commercial improvement that fosters the efficient and cost effective movements of goods between the United States and Canada should be encouraged.

As a result, I wish to add strong support for the Canadian National Railway (CN) - Burlington Northern Santa Fe (BNSF) merger.

The CN/BNSF merger represents an important milestone along the border between Canada and the United States. This merger is designed to foster continued growth in trade between the two countries, and is designed to improve rail market service.

The CN/BNSF merger will improve the ability of the rail system to do its share. I see the following important benefits:

1. The combined carrier will be a more efficient transportation provider, offering a greater range of services to more communities and customers;
2. The longer lengths of haul will result in improved intermodal services, which are growing in importance every day;
3. Increased efficiencies should lead to reduced rates for shippers as well as increased options and rate alternatives;
4. Overall North-South transportation services will be greatly enhanced to better support two-way trade, enhancing the viability of both country's economies and enhancing the position of all local communities, on both sides of the border, in increasingly competitive global trade.

The track record achieved in the CN/IC merger reflects what a CN/BNSF merger will experience no service disruptions and significant improvement in transit times. The bottom line is that shippers will benefit from increased efficiencies, lower rates and improved service.

The proposed CN/BNSF merger deserves a fair hearing and a timely review and decision

James D. Phillips